

PS 8534.07 CASH REPORTING AND RECONCILIATION



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# Program Statement

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OPI: FPI  
NUMBER: 8534.07  
DATE: 3/22/2002  
SUBJECT: Cash Reporting and  
Reconciliation

1. **PURPOSE AND SCOPE.** To establish guidelines and assign responsibility for recording cash transactions and reconciling the Federal Prison Industries (FPI) cash balance with the Department of Treasury.

FPI operates primarily on revenues generated from the sales of goods to other government agencies rather than allocations from appropriated funds. These revenues are used for the Corporation's daily operation and are distributed in the form of salaries (inmate and staff) and vendor payments for purchasing goods and services.

Therefore, FPI must manage its cash flow effectively through continuous and accurate reporting of cash transactions within FPI's official record keeping system, **Millennium**.

Effective cash management depends upon the timely and accurate recording of information. Therefore, strict requirements have been developed to ensure cash transactions and availability are reported accurately to Corporate Management.

2. **SUMMARY OF CHANGES.** The significant changes to this directive are:

- < Procedural changes due to implementation of the integrated resource system, commonly known as **Millennium**.
- < Reconciliation of various general ledger accounts in a centralized environment.

3. **PROGRAM OBJECTIVES.** The expected results of this program are:

- #### 4. DIRECTIVES AFFECTED

a. Directives Rescinded

OM 061-00 (8534)      Cash Reporting and Reconciliation  
(10/11/00)

### b. Directives Referenced

PS 8000.01	UNICOR Corporate Policies and Procedures (5/1/81)
PS 8531.06	Deposits (Accounts Receivable) (5/19/99)
PS 8532.07	Check Cancellation - FPI (8/7/01)
PS 8570.01	Accounting Procedures for Civilian and Inmate Payrolls FPI (6/25/001)

Treasury Financial Manual (TFM), Volume 1

## 5. STANDARDS REFERENCED

- a. American Correctional Association 3<sup>rd</sup> Edition Standards for Adult Correctional Institutions: 3-4031, 3-4032, 3-4033, and 3-4034
- b. American Correctional Association 3<sup>rd</sup> Edition Standards for Adult Local Detention Facilities: 3-ALDF-1B-05 and 3-ALDF-1B-08

6. FINANCIAL MANAGEMENT BRANCH (FMB) FINANCIAL MANAGER

**RESPONSIBILITIES.** The Financial Manager in FMB is responsible for the following:

- a. Compute and report daily to the FPI Controller the amount of cash receipts and cash available for investment.

b. Prepare the Corporate Weekly Cash Report to submit to the FPI Controller. This report, to be completed on the first workday of each week, must summarize the cash transactions for the prior week and present disbursing options for the upcoming week.

c. Provide the Disbursement and Budget Officer the weekly authorized spending limit established by Corporate Management.

## 7. RECORDING TRANSACTIONS IMPACTING CASH

a. **Field Locations.** Field locations may **not** record transactions directly to any of FPI's cash accounts without authorization from the Deputy Controller. Any transactions affecting cash are to be processed as follows:

- All payments are to be processed through the Accounts Payable module of FPI's integrated payment system, except civilian payroll. Inmate Payroll and billings received via the Government On-Line Accounting Link (GOALS), On-Line Payment and Collection (OPAC) are to be processed as 'no-check' vouchers.

Locations receiving charge-backs for customer invoices must forward the applicable information to Central Accounts Receivable (CAR), Lexington immediately for entry into the General Ledger. However, the location receiving the charge-back must include the amount on its Statement of Transactions Report (SF-224), until notified that the reporting of cash transactions has been consolidated.

- Any receipts in the form of a U.S. Treasury check are to be forwarded to FPI's lockbox in accord with the Program Statement on Deposits; receipts in the form of commercial and personal checks are to be forwarded to CAR, Lexington.
- U.S. Treasury checks issued and received by a vendor with erroneous information (i.e. wrong payee name with correct dollar amount, etc.) must be returned to the Financial Management Office, Central Disbursement in accord with procedures outlined in the Program Statement on Check Cancellations - FPI.

b. **Centralized Accounts Receivable.** The Deputy Controller, CAR, is to ensure that deposits are recorded into the **Millennium**

system daily. Depending upon the method in which funds are collected, the following accounts are to be used:

Checks	111000	Cash - Operating
OPAC Collections	111010	Cash - Receipts OPAC
Credit Card Collections	111020	Cash - Receipts Credit Card
GOALS	111030	Cash - GOALS

c. **Financial Management Branch in Central Office.** The FMB staff are to process the following transactions affecting cash:

- All payments made from Central Office are to be processed through the Accounts Payable module of FPI's integrated payment system. Inmate payroll, institution bills received via OPAC, and third party draft payments are to be processed as 'no-check' vouchers.
- Interest earned from investment securities purchased by the U.S. Treasury is to be recorded into **Millennium** weekly.
- Civilian payroll must be processed in accord with provisions established in the Program Statement on Accounting Procedures for Civilian and Inmate Payrolls - FPI.
- Treasury checks returned and/or reimbursement from vendors must be processed in accord with procedures outlined in the Program Statement on Check Cancellations - FPI.

8. **CASH RECONCILIATION.** Accurate and prompt reporting of FPI's cash balance is essential since operations are financed by the sale of goods rather than allocations from appropriated funds. To ensure accuracy, cash reconciliation must be timely and frequent, and under FPI's integrated financial management system, requires coordination between field locations, Central Office, and CAR.

a. **Reconciling Transactions to the General Ledger**

- Each location must ensure OPAC billings entered into the Accounts Payable module agree with all charges to that location's agency location code (ALC) as reported by the Department of Treasury.
- All unidentified GOALS disbursements Central Office receives must be returned to the originating agency's ALC in the same month received. However, if the

unidentified charge remains at the end of the month, a Journal Voucher must be recorded to debit General Ledger(GL) Account 299000, Other Liabilities and credit GL Account 111000, Cash. This entry must be reversed in the following month and returned to the originating agency's ALC via GOALS.

- The Deputy Controller, CAR, is to ensure that all collection transactions entered into **Millennium** are reconciled to related reports from external sources (i.e., Treasury check deposits agree with SF-215s from the Lockbox; OPAC collections agree with Treasury reports; Credit Card collections agree with Cash-Link reports).
- Staff in FMB, Central Office are to ensure that disbursements processed through **Millennium** agree with ECS, Third Party Draft, and OPAC billing reports. Civilian payroll entries are to be reconciled to the NFC Abstract reports and **Millennium** entries for income from investments must agree with reports from Treasury.

b. **Reconciling the Cash Report.** Each week Cash Management staff in FMB are to reconcile the Corporate Weekly Cash Report with amounts reported in the general ledger. Significant variances are to be corrected immediately; minor variances are to be corrected at least monthly.

c. **Reconciling the General Ledger to FPI's U.S. Treasury Balance.** Until field location ALCs are phased out, each field location Business Office must complete and submit to Treasury an SF-224. Since most cash receipts are processed through CAR, the Deputy Controller is responsible for submitting the SF-224 from that office.

Statements of differences are to be corrected in the month they are received at field locations and at CAR.

The Cash Management Section of FMB reports to Treasury, using the SF-224, all disbursements and any receipts made through the Central Office ALC. In addition, that section is responsible for reconciling the ending monthly cash balance for FPI with Treasury using the FMS 6653 and FMS 6654 reports (Un-disbursed Appropriation Accounts Ledger and Un-disbursed Appropriation Account Trial Balance, respectively) in accord with the Supplement to the Treasury Financial Manual (I TFM 2-5100), entitled Fund Balance with Treasury Reconciliation Procedures.

9. **WEEKLY SPENDING AUTHORIZATION.** In FPI's integrated financial management system disbursements are made centrally. Before payment is made the Disbursing and Budget Officer must submit a payment proposal in accordance with procedures established in the Program Statement on Accounts Payable, Internal Control Procedures, Prompt Payment and Processing Vendor Payments (FPI).

/s/

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Director